

**BRIDGETEX PIPELINE COMPANY, LLC**

**LOCAL PIPELINE TARIFF**

CONTAINING

**RULES AND REGULATIONS**

GOVERNING THE TRANSPORTATION AND HANDLING

OF

**CRUDE PETROLEUM**

TRANSPORTED BY PIPELINE

Rules and regulations published herein apply only under tariffs making specific reference by number to this tariff; such reference will include subsequent reissues hereof.

[W] Issued under authority of 18 CFR 341.3 (b)(6) and issued on twenty (20) days' ~~less than one day's~~ notice under authority of 18 CFR 341.14. This tariff publication is subject to refund pending a 30 day review period.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

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## Rules and Regulations Governing Crude Petroleum Transportation By Pipeline

### 15. DEFINITIONS

“A.P.I.” means American Petroleum Institute.

“Barrel” means forty-two (42) United States gallons.

“Carrier” means BridgeTex Pipeline Company, LLC.

“Consignee” means the party to whom a Shipper has designated to receive the delivery of Crude Petroleum at the Destination.

“Crude Petroleum” means the grade or grades of the direct liquid products of oil or gas wells, including crude oil and condensate, meeting the required specifications established pursuant to this tariff which Carrier has undertaken to transport. For the avoidance of doubt, Crude Petroleum shall exclude, and Carrier shall not be required to transport, any “indirect liquid products of oil or gas wells,” sometimes referred to as “indirect products,” meaning the liquid products resulting from the operation of gasoline recovery plants, gas recycling plants, condensate or distillate recovery equipment in gas or oil fields, or a mixture of such products.

“Destination” has the meaning set forth in Carrier’s Local Tariff.

“Origin” has the meaning set forth in Carrier’s Local Tariff.

“Local Tariff” means Carrier’s Local Tariff F.E.R.C. No. [W] 2.12.0 ~~2.0.0~~, including any supplements thereto and reissues thereof.

“Shipper” means any party who agrees with Carrier for transportation of Crude Petroleum.

“U.S.” means United States.

“WTI” means West Texas Intermediate Crude Petroleum.

“WTS” means West Texas Sour Crude Petroleum.

[N] “WTL” means West Texas Light Crude Petroleum.

### 20. COMMODITY

Carrier is engaged in the transportation of Crude Petroleum only and therefore will not accept any other commodity for transportation under Carrier’s applicable tariffs.

### 25. QUALITY SPECIFICATIONS

Carrier will not accept any Crude Petroleum unless it meets the specifications listed in the chart below and unless other properties of such Crude Petroleum are such that it will be readily susceptible to transportation through Carrier’s pipeline system. These specifications shall apply to each Barrel of Shipper’s nomination and not be limited to the composite sample of the nomination.

	<u>WTI</u>	<u>WTS</u> [N]**	<u>[N] WTL</u>
API Gravity, ° API	36 – 44	30 – 40	[N] <u>44.1 – 49.9</u>
Sulfur Content, Weight %	<= 0.45	<= 2.20	[N] <u>&lt;= 0.20</u>
Max Reid Vapor Pressure, psi	9.5	9.5	[N] <u>9.5</u>
Max True Vapor Pressure, psi	11.0	11.0	[N] <u>11.0</u>
BS & W	<= 1.0%	<= 1.0%	[N] <u>&lt;= 1.0%</u>

[N] \*\* Movements of WTS require shipper storage at origination point and East Houston, TX destination.

### **30. STORAGE**

Only storage necessarily incident to transportation and only such storage will be provided by Carrier. Upon delivery of Crude Petroleum into Carrier's working tankage, title to such Crude Petroleum in Carrier's working tankage shall remain with Shipper and not with Carrier.

### **40. MINIMUM SHIPMENTS**

Quantities of Crude Petroleum will be accepted for transportation as a single shipment to the delivery point(s) within the Destination on Carrier's pipeline system only in amounts of 50,000 Barrels or greater. Quantities of less than 50,000 Barrels may be accepted by Carrier for transportation if operating conditions permit and if such Crude Petroleum is of like quality and characteristics of that currently being transported, all at Carrier's sole discretion.

### **50. QUALITY AND QUANTITY OF RECEIPT AND DELIVERIES**

Carrier will accept for transportation Crude Petroleum that can be commingled or intermixed with a grade of Crude Petroleum which Carrier regularly transports between the Origin and delivery points within the Destination of the shipment without materially reducing the value or altering the quality of any grade of Crude Petroleum which Carrier regularly transports over the route of the shipment.

Carrier will accept Crude Petroleum for transportation only on condition that Carrier shall not be liable to Shipper or Consignee for changes in gravity or quality which may occur from commingling or inter-mixing such Crude Petroleum with other Crude Petroleum in transit; and provided further that Carrier will not be obligated to deliver to Consignee the identical Crude Petroleum received from Shipper. However, Carrier will deliver to Consignee a grade of Crude Petroleum as nearly like the grade of Crude Petroleum received from Shipper as Carrier is regularly transporting as a common stream to the delivery points within the Destination.

Carrier will not be required to and will not intentionally accept any Crude Petroleum that does not meet the specifications set forth in Item 25.

Carrier will not make a delivery of less than 50,000 Barrels of Crude Petroleum at any delivery point within the Destination except when necessitated by dispatching contingencies. Deliveries of less than 50,000 Barrels may be delivered if operating conditions permit all at Carrier's sole discretion.

### **60. MEASUREMENT AND TENDER DEDUCTIONS**

The volume of Crude Petroleum received and delivered by Carrier will be measured in Barrel units by meter or by gauge. Measured volumes at recorded or observed temperatures will be converted to volumes at sixty degrees Fahrenheit (60°F). Quantities shall be determined in accordance with applicable A.P.I. Manual of Petroleum Measurement Standards.

The volume of impurities in Crude Petroleum received and delivered by Carrier will be measured by an electrical or mechanical device or by physical test and such volume will be deducted from the volume of such receipts and deliveries.

Carrier shall determine all measurements, but Shipper and Consignee or their representatives may be present to witness them.

A deduction of two-tenths (2/10) of one percent by volume will be assessed on each shipment of Crude Petroleum received by Carrier.

**70. NOMINATIONS REQUIRED**

Crude Petroleum for shipment through Carrier's pipeline system will be received only on proper notice showing the point at which the Crude Petroleum is to be received, point or points of delivery, Consignee (if any), the product grade and the amount of Crude Petroleum to be transported. The Shipper notice must be emailed, faxed or submitted via Carrier's COBALT (or successor) system prior to 5:00 p.m. Central Time, on the 15<sup>th</sup> day of the month preceding the month for which the nominations apply; provided, however, "New Shipper" (as such term is defined in Carrier's Pipeline Proration Procedures incorporated by reference in Item 150) nominations must be submitted to Carrier prior to 5:00 p.m. Central Time the 13<sup>th</sup> day of the month preceding the month for which the nominations apply. If the thirteenth (13<sup>th</sup>) or fifteenth (15<sup>th</sup>) day of the month falls on a weekend or holiday, then nominations are due on the last day that is not a weekend or holiday before the thirteenth (13<sup>th</sup>) or fifteenth (15<sup>th</sup>) day.

The capacity of BridgeTex between the East Houston Terminal and Texas City, Texas is provided through a capacity lease of approximately 300,000 Barrels-per-day (Leased Capacity). If all or a portion of the Leased Capacity is not nominated and tendered by BridgeTex Shippers during any month in accordance with this tariff, the lessor of the Leased Capacity may use such Leased Capacity on a temporary "as available" and interruptible basis to provide service to non-BridgeTex shippers pursuant to the terms of lessor's tariff. If this leased capacity is available for non-BridgeTex Shippers, lessor may accept nominations for such unused capacity pursuant to the terms of the lessor's tariff on or before the earlier of the 30th day of the month and the last day of the month preceding the operating month to fill the unused leased capacity.

**80. TITLE UNENCUMBERED**

The act of delivering Crude Petroleum to the Carrier for transportation shall constitute a warranty that Shipper has unencumbered title thereto, or the unencumbered right to ship such Crude Petroleum. When any Crude Petroleum tendered for transportation is involved in litigation, the ownership of which may be in dispute or which may be encumbered by lien or charge of any kind, the Carrier may require Shipper to post an indemnity bond (or other assurances of quality at Carrier's sole discretion) to protect Carrier against all loss.

**90. LIABILITY OF CARRIER**

Carrier shall not be liable for any loss or damage or delay caused by act of God, public enemy, quarantine, authority of law, strike, riots, fire or the act or fault of Shipper or Consignee, or for any other cause (a) not due to the negligence of Carrier, whether similar or dissimilar to the causes herein enumerated or (b) not arising out of the failure of Carrier to comply in all material respects with all applicable federal, state, or local governmental laws, rules, and regulations; and, in case of loss from any such causes set forth in (a) or (b) above, after Crude Petroleum has been received for transportation and before the same has been delivered to the Shipper or Consignee, the Shipper shall bear a loss in such proportion as the amount its shipment is to all of the Crude Petroleum in the custody of the Carrier at the time of such loss, and the Shipper shall be entitled to have delivered only such portion of its shipment as may remain after a deduction of its due proportion of such loss but in such event the Shipper shall be required to pay charges only on the quantity of Crude Petroleum delivered.

**95. DUTY OF CARRIER**

Carrier shall transport Crude Petroleum with reasonable dispatch, considering the quality of the Crude Petroleum, the distance of transportation and other material elements.

## 100. PAYMENT OF TRANSPORTATION AND OTHER CHARGES

Shipper shall pay the transportation and all other charges accruing on the volumes of Crude Petroleum delivered, adjusted to sixty degrees Fahrenheit (60°F). Carrier shall have a carrier's lien on all Crude Petroleum accepted for transportation to secure the payment of all charges, and may withhold said Crude Petroleum from delivery until all of the said charges shall have been paid.

Carrier will invoice Shipper each month for transportation and other charges incurred during the previous month. If such a bill is not paid within ten (10) days after date of invoice or, if later, any other due date, Carrier shall have the right to assess a late charge at an interest rate of 1.5% per month, unless such rate is greater than the maximum rate allowed by law, in which case the maximum rate allowed by law will be used. Such late charge shall accrue from ten (10) days after date of invoice (or such other later due date, if any) until payment is made.

Carrier may require that all payments to Carrier for services pertaining to the transportation of Crude Petroleum be by wire transfer in accordance with the instructions on the Carrier's invoice to Shipper.

In the event Carrier determines at its sole discretion that the financial condition of a Shipper or Shipper's credit support provider (if any) is or has become impaired or unsatisfactory, Carrier will provide notice to Shipper and Shipper will provide adequate assurance of performance to Carrier in the form, amount, and from an issuer reasonably acceptable to Carrier.

"Adequate assurance of performance" includes, at Carrier's sole discretion, (1) prepayment of all charges by wire transfer, which shall be held by Carrier without interest accruing thereon until credited to Shipper, (2) a standby letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all charges reasonably anticipated to be incurred by Shipper for two (2) months of shipments by Shipper plus 10%, and, in a form, and from an institution reasonably acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all charges reasonably anticipated to be incurred by Shipper for two (2) months of shipments by Shipper plus 10%, and in a form, and from a third party reasonably acceptable to Carrier.

In the event that Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper access to Carrier's pipeline facilities or provide services pursuant to the applicable tariffs until such requirement is fully met. Any costs or charges incurred by Carrier arising out of any delay in providing Shipper access to Carrier's pipeline facilities or services pursuant to the applicable tariffs shall be borne solely by Shipper and reimbursed to Carrier upon receipt of Carrier's invoice therefor.

In addition to all other liens, statutory or otherwise, to which Carrier is entitled and unless the following grant is expressly prohibited by the terms of one or more security agreements or credit agreements creating prior, perfected security interests in the hereinafter-defined Collateral, Shipper hereby grants to Carrier a first priority, continuous and continuing security interest in all of the following, whether now or hereafter existing or acquired, as collateral for the prompt and complete payment and performance of Shipper's Obligations (as defined below): (a) All Crude Petroleum accepted by Carrier for transportation, terminalling, or otherwise while in the possession of Carrier; (b) all other property of Shipper now in the possession of and at any time and from time to time hereafter delivered to Carrier or its agents but only while in the possession of Carrier; and (c) all of Shipper's pre-payments, deposits, balances, and credits with, and any of its claims against, Carrier, at any time existing. The property described or referred to in subsections (a) through (c) above is collectively referred to as the "Collateral." This grant secures the following (collectively the "Obligations"): (a) all antecedent, current and future transportation, terminalling, special, ancillary and other lawful charges arising under or related to the applicable tariffs or the contracts entered into in connection with the applicable tariffs; (b) the repayment of any amounts that Carrier may advance or spend for the maintenance, storage or preservation of the Collateral; (c) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations; and (d) all other amounts now or in the future owed by Shipper to Carrier, whether or not of the same kind or class as the other obligations owed by Shipper to Carrier. Shipper authorizes Carrier to file such financing statements or other documents necessary to perfect and maintain the security interest herein granted.

## 110. STORAGE IN TRANSIT (SIT)

When requested via Carrier's nomination process as referenced in Item 70-Nominations Required, tenders of Crude Petroleum may be stored in-transit under the conditions described below.

- Carrier only provides storage necessarily incident to transportation (Item 30 – Storage). Shippers will be required to provide their own storage facilities at Magellan's East Houston Terminal to the extent Shippers require storage beyond that necessarily incident to transportation. Connections between Shippers' storage facilities and Carrier's pipeline system shall meet Carrier's operational requirements for such connections.
- When Shippers provide such storage facilities, they shall cause accurate records to be kept showing the number of barrels of Crude Petroleum stored in such storage facilities. Carrier shall have access to these records at all reasonable times, to the extent Carrier is not already in possession of such information as a result of its pipeline and storage operations. At no time shall the Barrels of Crude Petroleum stored in such storage facilities exceed the working capacity of such storage facilities. If Carrier has a reasonable basis to believe that Shipper's records are not accurate, if requested by Carrier, Shipper shall certify as to the accuracy of such records. Volumes re-originated from Shipper's storage facilities at Magellan's East Houston Terminal shall never exceed the number of Barrels of Crude Petroleum then stored in such storage facilities.
- When Shippers request Crude Petroleum to be delivered to their own storage facilities at Magellan's East Houston Terminal to be utilized as storage in-transit, such Shippers will be charged the applicable transportation rate from the Origin to the Magellan's East Houston Terminal delivery point within the Destination. Barrels of Crude Petroleum so moved shall count as a Shipment toward Shipper's Historical Shipment Status under Carrier's Pipeline Proration Procedures and, for Committed Shippers, shall apply toward such Committed Shipper's Minimum Contract Quarterly Volume Commitment pursuant to its TSA.
- When Crude Petroleum is reshipped out of Shipper's storage facilities from Magellan's East Houston Terminal storage-in-transit delivery point within the Destination, Carrier shall collect any applicable transportation charges based on the difference between the rate paid to Magellan's East Houston Terminal delivery point within the Destination and the rate in effect on the date of reshipment. Such reshipped volume shall not count as a Shipment toward Shipper's Historical Shipment Status under Carrier's Pipeline Proration Procedures and, for Committed Shippers, shall not apply toward such Committed Shipper's Minimum Contract Quarterly Volume Commitment pursuant to its TSA.
- Crude Petroleum offered for reshipment under this item shall be accepted for shipment through the nomination process referenced in Item 70-Nominations Required and only at such times as it shall not interfere with or delay original shipments from the Origin to delivery points within the Destination. Furthermore, during any prorationing of Carrier's pipeline system, the reshipment of the storage in-transit Barrels will be subordinate to all other shipments nominated for the month pursuant to Carrier's Pipeline Proration Procedures and Item 150. This Item 110 does not create an Origin on Carrier's pipeline system at Magellan's East Houston Terminal.
- Reshipment of storage in-transit Barrels will be governed by all applicable rules and regulations contained in this Tariff, including but not limited to Item 25-Quality Specifications, Item 40-Minimum Shipments, Item 50-Quality and Quantity of Receipt and Deliveries and Item 70-Nominations Required.

## 120. CLAIMS TIME FOR FILING

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with Carrier within nine months after delivery of shipment, or, in case of failure to make delivery, then within nine months after a reasonable time for delivery has elapsed. Suits for loss or damage may be instituted only within two (2) years and one (1) day after delivery of the property, or in the case of failure to make delivery, then within two (2) years and one (1) day after a reasonable time for delivery has elapsed; provided, however, that where claims have been duly filed with Carrier, suit must be brought within two (2) years and one (1) day after notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid and Carrier will not be liable.

**130. PIPEAGE CONTRACT REQUIRED**

Separate pipeage contracts in accord with this tariff and the regulations covering further details related to pipeline connections or facilities ancillary to Carrier's system may be required of Shipper before any obligation to provide transportation shall arise.

**140. DIVERSION OR RECONSIGNMENT**

Provided no back haul is required, diversion or reconsignment will be made on timely written request from the Shipper. No additional charge will be made for the diversion or reconsignment service. The rate to be applied under this rule is the rate from Origin to the final delivery point within the Destination.

**150. PIPELINE PRORATION PROCEDURES**

When there shall be tendered to Carrier, for transportation, more Crude Petroleum than can be immediately transported, the transportation furnished by Carrier shall be apportioned among Shippers as provided in Carrier's Pipeline Proration Procedures. Carrier's Pipeline Proration Procedures dated April 1, 2015 are available on Carrier's, or its designee's Internet site at [W] <http://www.magellanlp.com/tariffs/index.asp> <https://www.magellanlp.com/WhatWeDo/LiquidPipelineTariffs.aspx> or on request.

**160. APPLICATION OF RATES FROM INTERMEDIATE POINTS**

Crude Petroleum received from a point on Carrier's pipeline facilities that is not named in Carrier's Local Tariff, but which is intermediate to a point from which rates are published, will be assessed the rate in effect from the next more distant point published in Carrier's Local Tariff.

**170. APPLICATION OF RATES TO INTERMEDIATE POINTS**

Crude Petroleum destined to a point on Carrier's lines that is not named in Carrier's Local Tariff, but which is intermediate to a point to which rates are published, will be assessed the rate in effect to the next more distant point published in Carrier's Local Tariff.

## **180. LINE FILL AND TANK BOTTOMS INVENTORY REQUIREMENTS**

Prior to delivering Barrels out of Carrier's pipeline system, each Shipper will be required to supply a pro rata share of Crude Petroleum necessary for pipeline and tankage fill to ensure efficient operation of Carrier's pipeline system, as determined by Carrier in its sole discretion. Carrier shall revise its line fill apportionment every calendar quarter based on the volume shipped during such calendar quarter, and provide notice of such quarterly apportionment to each Shipper.

If the pro rata share of Crude Petroleum to be provided by a Shipper for this purpose changes after Carrier's quarterly reallocation, Shipper shall promptly be required to provide the difference of Crude Petroleum to Carrier or Carrier shall promptly redeliver the difference of Crude Petroleum to Shipper, as applicable.

Carrier shall redeliver Shipper's pro rata share of Crude Petroleum provided under this Item 180 only after Shipper balances have been reconciled between Shipper and Carrier. Carrier, at its discretion, may require advance payment of transportation charges on the volumes of Crude Petroleum to be cleared from Carrier's system, and any unpaid accounts, before final delivery of Shipper's Crude Petroleum will be made. Carrier shall have a reasonable period of time, not to exceed ninety (90) days, from the date of Carrier's quarterly apportionment, or from the date of notice by Shipper to Carrier of Shipper's election to receive redelivery of such difference of Crude Petroleum, if applicable, to complete administrative and operational requirements incidental to Shipper withdrawal.

Upon delivery of Crude Petroleum by Shipper to Carrier for this purpose, title to such Crude Petroleum shall remain with Shipper and not Carrier.

## **190. ORIGINATION FACILITIES**

Crude Petroleum will be received only from pipelines, tanks, or other facilities that are provided by Shipper or Shipper's designee, or a connecting carrier. Carrier will determine and advise Shippers of the size and capacity of the pipeline and tanks that will need to be provided at the point of receipt to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept Crude Petroleum for transportation unless such facilities have been provided.



## **200. DELIVERY POINT FACILITIES & ACCEPTANCE OF DELIVERY**

Carrier will deliver Crude Petroleum to Shipper or Shipper's Consignee at the delivery points within the Destination. Shipper is responsible for arranging adequate facilities and services to receive and take the Crude Petroleum away from the applicable delivery points at the Destination. Shipper will be solely responsible for any additional tariffs, costs or charges imposed on Crude Petroleum after delivery by Carrier at the Destination.

After a Shipper's shipment has had time to arrive at the delivery point within the Destination, and on twenty-four (24) hours' notice to Shipper or Consignee, Carrier may begin delivery of such shipment to Shipper or Consignee at its current rate of pumping. If all of such shipment cannot be received by Shipper or Consignee, a demurrage charge of one-half (½) cent per Barrel per twenty-four (24) hours shall be assessed to the Shipper and continue to accrue from the time said notice expires on that part of such shipment which has not then been received by Shipper or Consignee until the applicable Crude Petroleum has been delivered out of the Carrier's system.

In addition, if Shipper is not able to receive from Carrier at the delivery point within the Destination the entirety of Shipper's Crude Petroleum at the time when Carrier has scheduled a delivery of such Crude Petroleum, Carrier shall have the immediate right to sell such Crude Petroleum to the first available purchaser at the best price reasonably obtainable (Carrier or its affiliates may be a purchaser at such sale); to use the proceeds thereof to pay Carrier all charges and other costs or expenses due by Shipper under the applicable tariffs for the transportation and disposal of such Crude Petroleum; and to pay the balance of such proceeds to Shipper, unless conflicting claims for such remaining proceeds have been received by Carrier in which case Carrier shall be entitled to hold the balance of such proceeds for whomsoever may be entitled thereto.

## **210. CHARGE FOR FUND COMPENSATION**

In addition to all other charges accruing on Crude Petroleum accepted for transportation, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier by any Federal, State or local act, regulation or agency for the purpose of providing a fund for the reimbursement of parties who sustain costs or losses resulting from oil pipeline industry operations. Such charge will be included in the appropriate tariff filed with the Federal Energy Regulatory Commission.

## **220. CARRIER'S REMEDIES**

The transportation of Crude Petroleum may be refused or terminated if Carrier determines that the Crude Petroleum does not meet the requirements established herein. In addition, Carrier shall have the right, at its sole discretion, to any remedy available, including but not limited to the right without notice or liability to return, divert, sell or dispose of Crude Petroleum that does not conform to the provisions of the applicable tariffs. Shipper shall reimburse Carrier for all costs and expenses incurred by Carrier in returning or otherwise disposing of such non-conforming Crude Petroleum.

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Explanation of Reference Marks: [N] New [W] Wording Change

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